



Red Line Regional Rail Project

North Corridor: Mooresville to Charlotte

**Presentation to
Joint Legislative Transportation Oversight Committee**

February 10, 2012

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Reasons For NCDOT Involvement

The DOT was invited by the local governments in June 2010 to provide several areas of assistance because of political, financial and technical challenges with the old project proposal. It had become the consensus that the project was of larger significance and complexity then they could locally address. This included:

1. To facilitate and regional resolution on policy concerns
2. To evaluate the technical feasibility of design and functionality
3. To assist in value engineering of costs
4. To assess the viability of funding and financing.
5. To provide guidance on the formation of a public-private partnership with Norfolk Southern and other private entities.



North Corridor Dual Purpose Regional Rail

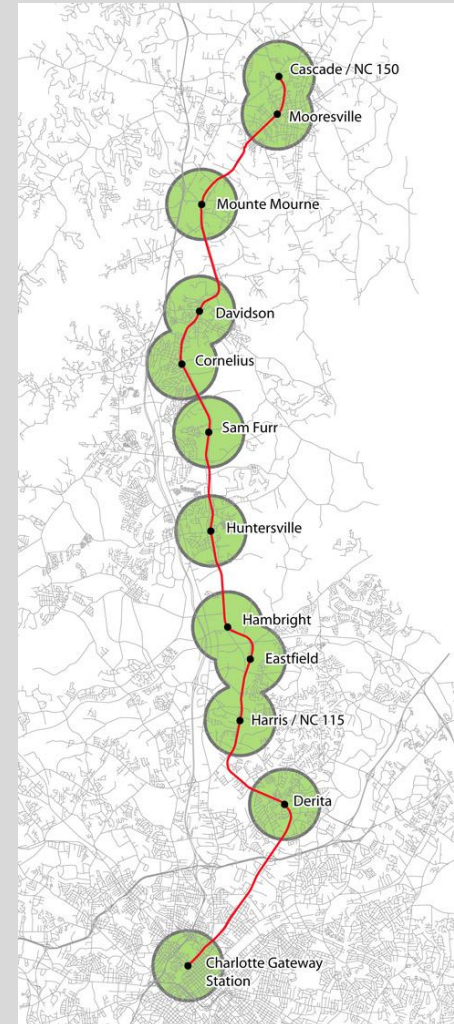
Project Snapshot

- **Project**

- Rebuild existing 25-mile single track right-of-way
- Connect: Mooresville (in Iredell County), Davidson, Cornelius, Huntersville & Charlotte (in Mecklenburg County)
- 10 train stations
- 5 freight developments

- **Service**

- 16-28 daily trains
- Top Speed: 59 mph
- 30-60 minute service
- Daily Ridership: 4,000 – 5,000





Proposed Management Structure

Formation of A Joint Powers Authority (JPA):

- Receive income from participating jurisdictions
- Issue revenue bonds (based on income from members)
- Allocate/spend income anywhere within a Unified Benefit District based on approved capital improvement program
- Own assets, except real property
- Enter into contracts for Planning, Design, Construction, Operation, Maintenance and Communications
- Sue (or be sued)
- Conduct other business as may be allowed by law and by agreement of participating local governments

JPA WOULD NOT BE GRANTED THE POWER TO TAX



Creating a JPA: Project Recommendations

JPA Function	Type	Personnel / Notes
Strategic Planning, Policies & Operating Guidelines	Internal	Board
Administration / Governance; Legal and Intergovernmental Affairs	Internal	Executive Director
Financial Management, including Budgets and Annual Reports	Internal	Finance Director. Must also appoint treasurer and auditor.
Operations & Maintenance	Contract	Member jurisdiction or third party. Ongoing, long-term.
Planning for both Phase I and II	Contract	Member jurisdiction or third party. Some ongoing functions, some discrete projects.
Project Development / Execution; Design & Construction Management	Contract	Third party, discrete projects
Communications / Public Relations	Contract	Third party, as-needed
Legal / Bond Finance / P3 Procurement	Contract	Third party. Heaviest at JPA inception.



Creating a JPA: Project Recommendations

- JPA formation relieves all participating jurisdictions of financial and legal recourse
- JPA allows for local oversight and control of any/or all rail-related station area infrastructure improvements
- JPA Provides competitive cost control and financing of bonds
- JPA most attractive for P3 (Public-Private Partnership)



Timeline For Actions and Approvals

- The timeline for the JPA formation approvals would occur in the 2nd, 3rd and 4th quarters of 2011.
- Given the structure of the proposed business and finance plan, the project depends on all localities committing to participation.
 - The project would be terminated if any one of the localities pulls out.



Project Budget: Cost CAP (2018 dollars)

Project Component	Estimated Cost (millions)
Main Line Track	\$70.5
Grade Crossings	\$44.9
Vehicles	\$58.3
Stations	\$56.6
Charlotte Terminal Area & Vehicle Inspection Facility	\$66.0
Systems	\$25.8
Professional Services	\$40.9
NS Licensing Agreement	\$28.1
Freight Rail Rationalization	\$5.7
Project Reserve	\$11.6
Station Area Improvements	<u>\$43.6</u>
Total	\$452.0



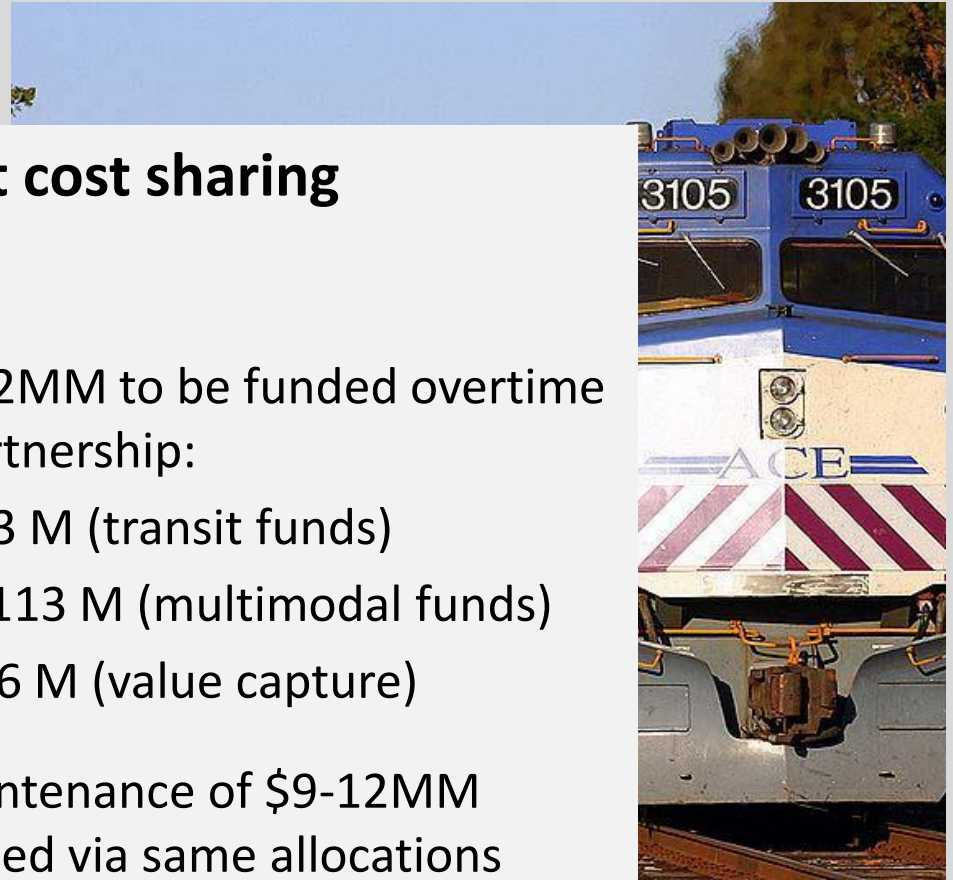
Finance Plan: Funding Partnership

Proposed project cost sharing arrangement:

Construction of \$452MM to be funded overtime via the following partnership:

- **25% CATS** = \$113 M (transit funds)
- **25% NCDOT** = \$113 M (multimodal funds)
- **50% Local** = \$226 M (value capture)

Operation and Maintenance of \$9-12MM per year to be funded via same allocations of cost





Local Share through Value Capture: Unified Benefit District

- Tax Increment (TIF) and Special Assessment (SAD) revenues are authorized by each local government
- Revenues are collected by local jurisdictions and received by the Joint Powers Authority (JPA)
- JPA secures financing through issuance of revenue bonds or P3 capital
- JPA forms unified benefit district to deploy revenues for approved activities throughout district.





State Policy Considerations

1. Leveraging rail upgrades to protect and improve capacity for goods and passenger movement on constrained highways
2. Prioritizing Dual Purpose Regional Rail Investment for logistics and mobility improvement, including:
 - Supporting Dual Purpose Regional Rail
3. Supporting local government regional transportation investments that involve local cost sharing commitment, with
 - A potential state investment of 25% in the construction and O&M costs of Regional Rail mobility improvement



Benefits of State Participation

- Potential for improved land use and transportation planning through focused and strategic development.
- Potential to stimulate \$5.0BB in regional economic development
- Improved mobility and transportation options for commuters
- Revitalization of existing freight rail corridor
- Potential positive impacts to capacity of I-77
- Targeting investment in a critical growth regions



NCDOT's Responsibilities and Oversight

- NCDOT's funding responsibilities would be a not-to-exceed total of \$113mm (25%) paid out according to a schedule of several years, not yet defined.
- NCDOT's oversight responsibilities are envisioned to continue through the adoption process and JPA formation in 2013. At that time, the NCDOT would serve as one the 18 member JPA governing board with two representatives.
- Actual oversight of all final design, construction, finance, operations and maintenance would be the responsibility of he JPA.
- No capital construction funds have been identified to date.



Ongoing Five-Phase Process

